

Remarks on the Economic Report of the President and an Exchange With Reporters February 13, 1995

The President. As you know, we are here to receive the annual Economic Report of the President. So I want to begin by thanking the Council of Economic Advisers: Dr. Laura Tyson, our Chair; Dr. Joseph Stiglitz; and Dr. Martin Baily.

This economic report is an important milestone for me. It measures our success in fulfilling the mission that I brought to the Presidency. I ran for this office to help to restore the American dream and to guarantee its availability for all Americans into the 21st century, to make sure that the middle class would still be growing and that work would still be rewarded. The best way to do that is by building a new partnership between Americans and their Government and Americans and each other, the partnership that I have called the New Covenant.

Essentially, it means that our responsibility here in Washington is to expand opportunity while shrinking bureaucracy, to empower people to make the most of their own lives, and to enhance our security, not only abroad but here at home as well. At the same time, it means that we must demand more responsibility from every citizen, especially those who seek the benefits of Government action, responsibility for our country, for our communities, for our families, and for ourselves.

These responsibilities have defined our economic strategy. We have pursued deficit reduction to make more of our Nation's resources available for private investment, growth, and jobs. We have reduced the size of the Government's bureaucracy, cutting the Federal work force to its lowest level in 30 years. We have expanded trade to provide more opportunity for jobs and higher incomes. And we have invested in the American people, from Head Start to the Goals 2000 program, to the program to help young people who don't go to college but do need further training, and of course, what we've done in national service and student loans.

We've done all of that to help our people get the skills they need so that they can grow and prosper in a global economy. And now, 2 years into our administration, we can see the positive results of this strategy: almost 6 million

new jobs, the lowest core rate of inflation in 30 years, the deficit reduced by over \$600 billion.

It's not enough. Too many of our people are still working harder for less, with less security. So today I'm sending Congress two new bills that are the next installment in our comprehensive effort to raise the wages and the incomes of working Americans and to give them more opportunity in return for their responsibility of learning and working. These bills reward work. They raise living standards. They allow people to invest in themselves and to make the most of their own lives.

The "Working Wage Increase Act" would increase the minimum wage by 90 cents over 2 years. This would benefit over 11 million workers and their families. It would be the equivalent of an \$1,800 raise or about 7 months of groceries for a family.

The middle class bill of rights has four provisions that will also benefit those who are working to help themselves: a \$500 tax cut for families with children under 13; a way to allow more families to invest in an IRA and withdraw those investments, tax-free, to pay for education, health care, purchase of a first home, or the care of an elderly parent; a voucher to improve worker skills worth \$2,600 a year for 2 years for people who are unemployed or who are working for wages low enough to qualify for Federal training; and of course, I think, over the long run most importantly, a tax deduction for the cost of education beyond high school.

The success of the United States is clearly dependent upon our ability to educate and develop the capacities of every one of our citizens. That's what the middle class bill of rights is all about. It goes with our previous efforts to expand Head Start, to work to help public schools achieve excellence, to move people into the work force who don't go to college, and of course, to expand the student loan program.

This Economic Report of the President shows that this strategy is working. We should not abandon it. Instead, we should build on it. We should deepen it. When you're doing something that's working, you shouldn't turn around and

do something else. You should do what you're doing better, do more of it, keep going in the same direction. That's what we're trying to do. We're reducing Government spending. We're cutting Government bureaucracy. But we are increasing our investment in the American people. The middle class bill of rights, raising the minimum wage, these are things we ought to do. The evidence that we ought to do them is in the success of the last 2 years' strategy in the Economic Report to the President.

I thank Dr. Tyson and the others and, of course, all of those on our economic team and all of those in the Congress and throughout the country who've done so much to make this report a reality.

Thank you.

Minimum Wage

Q. What do you think the chances are of getting the minimum wage, Mr. President?

The President. Well, I think they should be pretty good. The more we see the evidence—you know, there was a very moving piece in one of the papers yesterday on that community in North Carolina that has such a high percentage of minimum wage workers. I saw a television interview the other night with a lady working, I believe, in southwest Virginia, who gave an answer to the question that has become the battle cry for the minimum wage around here when she said, "Well, some people say if we raise your minimum wage, that you could lose your job because more of the work will be done by machines," and she looked at the interviewer and said, "Honey, I'll take my chances." [Laughter] That's sort of become our battle cry around here for the minimum wage.

I will say this, in 1989, or the last time the minimum wage was raised, whatever year it was, '91, the bipartisan support was truly impressive. It ought to be there again. Half of this minimum wage increase is necessary just to bring the minimum wage back up to the point where it was when it was raised the last time. The other half would be a modest increase in the living standards of people who are working hard to support themselves and often their children. So I'm going to keep fighting for it. I'm going to keep working for it. And my instinct is, we've got a pretty good chance to pass it.

Deficit Reduction

Q. Mr. President, you've taken a lot of criticism for your budget, and a lot of people are saying that you haven't done enough to reduce the deficit in the coming 5 years, that you actually have stopped doing what we were doing before. I think Speaker Gingrich today said that maybe your budget was even—that it could even be a factor that would tip the country into recession. What do you say to these critics?

The President. Well, let me just say, first of all, all those people, including the Speaker, were here for 12 years when we had a bipartisan conspiracy to quadruple the debt of this country. With Republican Presidents and Democratic Congressmen, they quadrupled the debt of the country. If it weren't for the interest we have to pay on the debt that was accumulated between 1981 and 1993, we would have a balanced budget next year and a surplus thereafter. And we have cut the deficit more than it has ever been cut before in history, I might say, with no help—no help—not a single vote from the Republicans.

Now, they're in the majority, and it's their turn. If they don't like my budget, let's see what theirs is. They promised—they made promises that would make the deficit bigger with all the tax cuts and spending increases they talked about. Now the real world is crowding in on them. I have done my duty. I have sent a budget to the Congress that contains another \$140 billion in spending cuts, that pays for the middle class bill of rights, including the education tax deduction, that reduces the deficit by \$80 billion more, and that does it without cutting Social Security, Medicare, veterans, or education. It is time for them to take a little responsibility.

They were here during the years of the eighties when we created this deficit problem. America was never buried in a deficit problem until 1981. They voted and voted and voted and voted. I got here 2 years ago. I have been fighting this as hard as possible. I have welcomed them to give me their ideas. I have said, I will work with you to reduce the deficit more. And I will do that, but let's see what they want to do to do it. They have some responsibility, too. Where is their budget? What are they for? Let's see what they're for. I want to work with them.

You know, I find it amazing that people who are here every year, digging the country in the hole I've been digging us out of, are now saying I'm not getting this out quick enough. I mean, where were they, and where are they? It's time for them to suit up and show up.

Surgeon General Nominee Foster

Q. Are you going to the mat on Dr. Foster?
The President. Yes.

Q. Mr. President, there are some who would argue now that you're going to be spending so much time trying to get Dr. Foster confirmed, it's going to detract from your other priorities, because this looks like it's going to be one hell of a fight. Are you prepared for that right now?

The President. Yes, but I want to say, just because you've spent a lot of time talking about it, doesn't mean it's going to take us a lot of time to do it. [Laughter] We've got a lot of folks that work here and a lot of things to do. And every day we may only be talking about one or two things, but we're working on a lot of things. It will not in any way undermine the impact of the Presidency on the other work we have to do.

And let me also say—let me go back to that other question. I don't see how anybody could seriously say that our budget would cause a recession. They caused the recession before I ever showed up here. Since I have been here, we have reduced the deficit, we have grown the economy. After we presented our budget, the markets had a very positive response to it: Long term interest rates dropped; the stock market went up. It was seen as a very prudent budget. Now, if they can do better, then we ought to get beyond the politics and let them put their proposal on the table and let us work through. At some point, they have to vote. They've got to get beyond the talking. I've gotten beyond the talking. I've given a budget. Let's see theirs.

Entitlements

Q. Why haven't you taken on entitlements, Mr. President?

The President. I did take on entitlements. The Republicans ran an ad against me the last time. Don't you remember that, in '94? And don't you remember all the surveys that said, "Democrats losing their edge among elders" because the Republicans, the people now in the majority in Congress, launched those vicious ads claiming that we had tried to tax Social Security recipi-

ents, when in fact the upper 13 percent of Social Security recipients were only asked to pay taxes on their Social Security on the same basis that private pensioners were.

We took on entitlements. We had savings in Medicare. We had savings in Medicaid. We did that. And the Republicans said they hated that. Now let's see what they do. It's their turn. They're in the majority in Congress. It is time—I don't have a vote; let them do it. Do you remember when Ronald Reagan—they protected him for years. They said—President Reagan and President Bush, in 12 years between them, vetoed one appropriations bill because it didn't spend enough money and got away with blaming the Congress for raising the deficit. It beat anything I ever saw.

Now, I have tried to work with the Congress. I have tried not to be political. I have tried to say, "Here's my budget. If you've got a better idea, you put your ideas up. Then we'll work together." So far their reaction is, "It hurts us too much to put our ideas forward. We think we'll criticize yours." The American people are sick of this. They want us to work together.

White House Conference on the Economy

Q. Why are you going to have an economic conference in March?

The President. What?

Q. Why are you having an economic conference in March?

The President. Because I think it would be a good thing to get those people back together that gathered 2 years ago, not only to review the progress that has been made but, more importantly, to look at the thorny problems that remain. The middle class still feels squeezed in the midst of a recovery.

And I want us to focus on the challenges that we face for the 21st century in terms of ordinary middle class people. What can we do to raise living standards and increase security for people who are working harder and harder? How are we going to spread the benefits of economic recovery to the middle class? How are we going to grow the middle class and shrink the under class and still keep this marvelous environment for entrepreneurs in which so many people are doing better than they ever had before? That is a separate set of questions.

Two years ago when that group gathered, we had to focus on just getting the economy out of the recession, getting the deficit down, get-

ting the overall growth up. That has happened. Now we need to focus on what still needs to be done to make sure we're solidifying and strengthening and growing the middle class instead of dividing and shrinking it.

Republican Party

Q. Mr. President, is the Republican Party being taken over by extreme right-wing, anti-abortion elements? [Laughter]

The President. Well, I hope not, but that's up to them, isn't it?

Surgeon General Nominee Foster

Q. Do you have the votes for Dr. Foster now, Mr. President?

The President. He hasn't even had a hearing yet. I haven't even canvassed them.

Q. Do you think you'll have the votes?

The President. I think if he's judged on his life's work, on the merits, I think he'll be confirmed. I think that if he gets the kind of hearing I would expect him to get from a fair-minded Senate, I think he'll be confirmed.

Border Crossing Fees

Q. Mr. President, are you going to change your border crossing fees? Some Texans saw advisers of yours today and thought—[inaudible]—Mr. Panetta was going to take a closer look at it.

The President. I certainly think we have to look at it.

1996 Presidential Campaign

Q. Are you happy that Speaker Gingrich is not going to run against you for the Presidency?

Q. They're dropping like flies, Mr. President.

The President. Did he say that today? They're dropping like flies? Is that what you said? I notice there are still a few. [Laughter] I wish the absence of Republican opposition was my main worry, but I don't think it is. Somebody will show up, sure as the world. [Laughter] Thank you very much.

NOTE: The President spoke at 2:23 p.m. in the Oval Office at the White House.

Message to the Congress Transmitting Proposed Middle Class Tax Relief Legislation

February 13, 1995

To the Congress of the United States:

I am pleased to transmit today for your immediate consideration and enactment the "Middle-Class Bill of Rights Tax Relief Act of 1995." I am also sending you an explanation of the revenue proposals of this legislation.

This bill is the next step in my Administration's continuing effort to raise living standards for working families and help restore the American Dream for all our people.

For 2 years, we have worked hard to strengthen our economy. We worked with the last Congress to enact legislation that will reduce the annual deficits of 1994–98 by more than \$600 billion; we created nearly 6 million new jobs; we cut taxes for 15 million low-income families and gave tax relief to small businesses; we opened export markets through global and regional trade agreements; we invested in human and physical capital to increase productivity; and

we reduced the Federal Government by more than 100,000 positions.

With that strong foundation in place, I am now proposing a Middle Class Bill of Rights. Despite our progress, too many Americans are still working harder for less. The Middle Class Bill of Rights will enable working Americans to raise their families and get the education and training they need to meet the demands of a new global economy. It will let middle-income families share in our economic prosperity today and help them build our economic prosperity tomorrow.

The "Middle-Class Bill of Rights Tax Relief Act of 1995" includes three of the four elements of my Middle Class Bill of Rights. First, it offers middle-income families a \$500 tax credit for each child under 13. Second, it includes a tax deduction of up to \$10,000 a year to help middle-income Americans pay for postsecondary education expenses and training expenses. Third,